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C O N F I D E N T I A L KATHMANDU 001718

SIPDIS

STATE FOR SA/INS, DS/IP/SA  
NSC FOR GREEN/DORMANDY  
LONDON FOR POL-BELL

E.O. 12958: DECL: 08/27/2014

TAGS: PTER PGOV ASEC ETRD NP

SUBJECT: NEPAL: MAOISTS NARROW CLOSURE OF INDUSTRIES TO  
ONLY THOSE WITH U.S. INVESTMENT

REF: A. KATHMANDU 1710

1B. KATHMANDU 1679

1C. KATHMANDU 1658

1D. KATHMANDU 1632

1E. KATHMANDU 1553

Classified By: Ambassador James F. Moriarty, Reasons 1.4 (b/d)

11. (U) Late afternoon August 27, the Maoist-affiliated All Nepal Federation of Trade Unions (ANFTU) issued a statement asking industries, other than those with U.S. investment, to resume their operations. The ANFTU said that that it had decided, however, to close down all multi-national corporations in Nepal with U.S. investment forever. The ANFTU justified its threat saying "It is because the US has been providing arms and military training to Nepal in order to suppress the Nepali people's "liberation movement" and US ambassadors (sic) are giving directives to the Army by visiting their divisions." According to its press statement, the ANFTU demanded that the government withdraw its terrorist tag and make public the whereabouts of its detained members.

12. (C) Earlier on August 27, NN Singh, managing director of Bottlers Nepal, the Coca Cola company here in Nepal, indicated his belief that a resolution to the shutdown of businesses was near. Bottlers Nepal had been in meetings with all of the other threatened companies and the Federation of Nepalese Chambers of Commerce and Industry (FNCCI) with the government and the human rights NGO president, Sudip Pathak, who had been acting as go-between with the Maoists. Pathak and Singh explained their understanding that Bottlers Nepal would no longer be a target because 98 percent of the shares had been transferred to South African Bottling Company. The Maoists were not concerned about trademark issues, but instead were focused on shareholders. Bottlers Nepal plans to open the plants for sanitation purposes on August 28, see what the Maoist reaction is, and then open for production on August 29. Pathak said the Maoists did not identify the names of the companies with direct US investment, and that it would take a few days to confirm who the new targets might be. He speculated that the list might include the Radisson Hotel and the Hyatt Hotel, which has investment by Hyatt International.

13. (C) COMMENT. This last minute separation of U.S. companies is a blatant attempt to divide and conquer. We believe that US companies may well be the only companies that have refused to pay the Maoist extortion demands. A senior representative from Coca Cola will meet with the Ambassador next week to discuss continuing business in Nepal. After further sounding out of U.S. and foreign companies, we will prepare draft press guidance for possible use on Monday.

MORIARTY